Allowable Activities and Expenses

This policy applies to tribal contractors and tribal subcontractors that use EFAP funds for a voucher program.

1. **Bill only allowable activities and expenses.**
   - Contractors and subcontractors are allowed to use state funds for administrative and operational expenses, including direct service expenses, agency indirect expenses, and equipment purchases.
   - Facilities maintenance and repair costs are allowable.
   - Capital expenditures including equipment purchases and capital improvements are allowable.

2. **Shall not be reimbursed for unallowable expenses.**
   Funds awarded under the contract shall not be used for:
   - Activities not related to the food assistance programs.
   - Administrative and/or indirect expenses above the allowable 10 percent of the contract.
   - Payment of mortgages or leases with option to buy.
Allowable Administrative Activities and Expenses

This policy applies to tribal contractors and tribal subcontractors that use EFAP funds for a voucher program.

1. Allowable administrative activities and expenses.
   - Contractors, subcontractors to include food pantries, food banks and tribal contractors shall only bill for allowable administrative activities and expenses, including agency indirect expenses not attributable to any one specific program. It is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double-charging of state awards.
   - Allowable administrative activities and expenses may include:
     - Salaries, wages and fringe benefits for administrative staff.
     - Office supplies and lease, rental and repairs of equipment.
     - Travel expenses for administrative staff.
     - Rental or lease of space.
     - Telephone, postage, mailing, printing, and copying.
     - Insurance and audit costs.

2. Administrative and indirect expenses are limited.
   - Contractors are limited to 10 percent administrative costs of the total contract award if performing one function (e.g. contractor with direct voucher services), 15 percent administrative costs if performing two or more functions (e.g. contractor with subcontractors and direct voucher services).
   - Subcontractors are limited to 10 percent of their allocation for administrative purposes.
   - Up to one percent of EFAP funds may be budgeted as administrative costs for membership dues to organizations whose concerns address emergency food assistance, anti-hunger, nutrition and health issues.
     - These types of membership dues will not be counted toward the maximum percentage allowed for administrative expenses.
   - Tribes with a federally approved indirect rate may use that rate to charge indirect costs. However, the total indirect charged for the year may not exceed the allowable 10 percent of the yearly award amount unless preforming more than one function.
     - If charging the 10 percent di minimis rate of total modified direct costs (MTDC), this rate must be applied consistently.
   - Subcontracting tribes with a federally approved indirect rate may also use that rate to charge indirect costs. However, the total indirect charged for the year may not go over 10 percent of their yearly subcontract amount.

3. Allowable agency indirect administrative activities and expenses.
   - Indirect costs must be classified within two broad categories: “Facilities” and “Administration.”
Facilities is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses.

“Administration” is defined as general administration and general expenses such as the director’s office, accounting, personnel and all other types of expenditures not directly or easily attributable to this program.

- Allowable indirect costs must be determined in accordance with generally accepted accounting principles (GAAP) and charged on the basis of modified total direct costs.
- Includes membership dues that cannot be readily identified with a particular program.
  - Indirect expenses on the basis of modified total direct costs excludes equipment, capital expenditures, rental costs, and the portion of each subaward in excess of $25,000.
- Costs not directly charged and that are spread among more than one program shall be charged to appropriate programs according to the agency’s cost allocation plan and state and federal regulations, policies, and laws, as applicable.
- If indirect rate is above 10 percent de minimis, contractor must have proof of a federally approved indirect rate.
- If you have questions regarding how to determine your agency indirect please contact your auditor.

4. **Allowable direct administrative activities and expenses.**

Direct administrative costs are those costs that can be identified specifically with the EFAP or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as direct costs.

- Includes membership dues specific to EFAP or its purpose.
- Unless otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under EFAP awards:

  Allowable costs must:
  - Be necessary and reasonable for the performance of the state award and be applicable to this program or its purpose.
  - Conform to any limitations or exclusions associated with this program or any applicable state and federal regulations, policies, and laws.
  - Be consistent with policies and procedures and other activities of the state pass-through agency.
  - A cost must be consistently applied and may not be assigned to a state award as a direct cost if any other cost incurred for the same purpose has been allocated to the state award as an indirect cost.
  - Be determined in accordance with generally accepted accounting principles (GAAP).
  - Be adequately documented per program and policy requirements.
  - Be reasonable and allocable to this program or its purpose.
  - Have prior written approval if applicable. (e.g. equipment or capital expenditures over $5,000 in value).
  - For additional guidance refer to the 2 CFR Part §200 Code of Federal Regulations.
5. **Administrative funds returned proportionate to contract budget.**
Contractors returning unexpended funds to WSDA during the contract period shall return administrative funds in an amount proportionate to the contract budget unless administrative funds have already been transferred to another budget category during the course of the contract.
Allowable Direct Operational Activities and Expenses

This policy applies to tribal contractors and tribal subcontractors that use EFAP funds for a voucher program.

1. **Allowable direct operational activities and expenses.**

   Direct costs are those costs that can be identified specifically with the EFAP and its purpose, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as direct costs.

   Unless otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under EFAP awards.

   Allowable costs must:
   - Be necessary and reasonable for the performance of the state award and be applicable to this program or its purpose.
   - Conform to any limitations or exclusions associated with this program or any applicable state and federal regulations, policies, and laws.
   - Be consistent with policies and procedures and other activities of the state pass-through agency.
   - A cost must be consistently applied and may not be assigned to an award as a direct cost if any other cost incurred for the same purpose has been allocated to the award as an indirect cost.
   - Be determined in accordance with generally accepted accounting principles (GAAP).
   - Be adequately documented per program and policy requirements.
   - Be reasonable and allocable to this program or its purpose.
   - Have prior written approval if applicable. E.g. equipment purchase of $5,000 or more per unit, capital expenditures, etc.
   - Activities and expenses that are not charged (and paid) to other food assistance programs and support EFAP’s purpose, are considered allowable direct activities and expenses.
   - For additional guidance refer to the 2 CFR Part §200 Code of Federal Regulations.

2. **Operational activities and expenses.**

   Operational activities and expenses are those activities clearly identifiable with providing direct services to clients.

   Operational costs may include:
   - Personnel costs – salaries, wages and fringe benefits for personnel who are actually performing duties related to client service, including networking and outreach activities.
   - Travel/Transportation – mileage expense related to direct services.
   - Space Costs – rent or lease payments for facilities and costs of power, heat and water for space occupied by program staff.
   - Communication cost (telephone, mailing and printing) for direct program services.
   - Other operational costs, such as supplies, lease and repair of equipment.
Allowable Operational Expenses

- Computer purchases costing under $5,000. EFAP is following the Uniform Guidance that defines computer purchases costing under $5,000 as supplies.

3. **Operational expenses are limited.**

   Operational costs for tribal food voucher contractors and their subcontractors are limited to five percent of their contract amount.

4. **Operational expenses returned proportionally to contract budget.**

   Contractors returning unexpended funds to WSDA shall return operational funds in an amount proportionate to the contract budget unless operational funds have been transferred to another budget category during the course of the contract.
Vouchers and Allowable Expenses

This policy applies to tribal contractors and tribal subcontractors that use EFAP funds for a voucher program.

1. Voucher expenses definition.
   Voucher expenses are defined as the face value of the food vouchers issued to clients.

2. Purchase essential food and nonfood items only.
   - Vouchers may be issued to clients to purchase essential food and nonfood items only.
   - Tribes have the authority to choose whether or not they will allow purchases of essential nonfood items to be made with the EFAP funds.
   - Tribes issuing vouchers may spend up to 10 percent of their voucher allocation on essential nonfood items.
   - Essential food purchases must come from the following main food groups as identified by USDA.
     - Meats – Such as turkey, chicken, fish, pork, and beef. Other foods in this group include beans, nuts, and seeds.
     - Dairy – Such as milk, yogurt, cheese or non-dairy products like soy milk.
     - Vegetables – Such as fresh, frozen, and canned. Beans also fall into this group, such as pinto, kidney, and black beans.
     - Fruits – Such as fresh, frozen, dried, canned, berries, and 100% fruit juice.
     - Grains – Such as whole grain cereals, breads, rice, and pasta.
     - Water.
   - Clients may purchase only nonfood items that are identified as essential. These items include: cleaning supplies, dental adhesive, deodorant, detergent, diapers, dish soap, facial tissue, feminine products, hand soap, paper towels, napkins, shampoo, shaving products, teeth/denture cleaner products, toilet paper, and toothbrushes.
   - Tribes may choose to set more strict policies on what essential foods and nonfood items can and cannot be purchased than the state dictates. Limitations on purchases must be identified in the tribe’s Voucher Program policies.

3. Items that cannot be purchased.
   Contractors shall not ask for reimbursement through the EFAP-Tribal Voucher Program for unallowable food items. These include items such as, but not limited to:
   - Any kind of carbonated beverage or flavored sugared drinks such as soda, drinks in pouches, pre-made sweetened beverage or powdered drink mix to make, all flavored water, Gatorade, pre-made teas, any energy drinks, on-the-go drink packets, all sports drinks. (Note: Bottled water is allowed)
   - Any kind of “snack” foods such as candy, gum, cookies, crackers, granola, protein or energy bars, gummy type fruit snacks, popcorn, potato/corn/veggie chips, and beef jerky.
   - Any kind of alcoholic beverages.
VOUCHERS AND ALLOWABLE EXPENSES

- Any kind of tobacco products.
- Any kind of desserts, such as ice cream, pies and cakes.
- Any kind of donuts, breakfast pastries and muffins.
- Pet food and pet supplies.
- Any nonfood items other than those listed as essential nonfood items in paragraph 2.

4. **Tribes must receive original store receipts from stores.**
   - Contractors must require that stores send the original store receipts back to the tribes with their billings.
   - Tribes are to review purchases and deduct from their billings to WSDA any disallowed purchases.
Allowable Capital Expenditures

This policy applies to tribal contractors and tribal subcontractors that use EFAP funds for a voucher program.

For all capital expenditures, refer to the associated Guidance document pertaining to the type of capital asset being purchased.

- Equipment Procurement Guidelines *(AGR 609-454)*
- Capital Improvement Guidelines *(AGR 609-898)*

**Overview of approval process:**

- Prior WSDA approval is required before any reimbursable costs are incurred on equipment estimated to cost $5,000 or more.
  - For capital improvement projects in the $2,000-$4,999.99 range, no WSDA pre-approval is required. Subcontractors should seek contractor approval prior to implementing any capital improvement project.

- Receiving WSDA approval is a three-part process:
  - Contractor to submit the correct Food Assistance Purchase Request/Approval Form to the applicable FA regional representative. The form must include the estimated cost for the procurement and sufficient bid(s)/quote(s) from responsible bidders based on the cost as described in the associated guidance document
    - If utilizing the competitive proposal process or sealed bid process, a narrative description of the purchase and the procurement process is required.
  - WSDA will return approval form to contractor indicating the project or purchase is approved or not approved.
  - Contractor to resubmit form for post-purchase finalized cost verification along with final reimbursement invoice voucher. For the competitive or sealed bid process, proof of your publicized request for proposals/invitation for bids must be submitted with your reimbursement request. *Payment will not be processed without all required documentation.*

- Contractors are to submit the form on their behalf and/or on behalf of their subcontractor(s).
- The contractor must submit the bid/quote(s) attached to the approval form. A responsible bidder cannot be suspended, debarred or have an active exclusion.
Required Expenditure and Data Reports

This procedure applies to tribal contractors and tribal subcontractors that use EFAP funds for a voucher program.

1. **Contractors shall choose to submit monthly expenditure reports either monthly or quarterly.**
   - Tribal contractors have the option to submit expenditure/data reports monthly or quarterly, which identifies the costs incurred for work performed the previous month or quarter and client data.
   - All contractors must identify the method of submitting the report, monthly or quarterly, during the application process.
   - Once a contractor selects a method it must use that method throughout the contract period.
   - A contractor will not be allowed to change its method between monthly and quarterly during the contract period unless WSDA identifies a need for changing the frequency.
   - Those choosing to submit quarterly must still keep monthly records of expenditures and client data and submit each month’s report individually for the quarter.
   - Contractors with subcontractors, at their own discretion, may offer this option to their subcontractors.
   - All subcontractors under a single contractor must agree to the same method to avoid the contractor having to track expenditures at different intervals for individual subcontractors.
   - If the subcontractors elect to bill quarterly, they must keep monthly records of expenditures and client data and submit each month’s report individually for the quarter to their contractor to summarize their expenditures and client data.
   - Contractors compile that information and then must submit each month’s report individually to WSDA for that quarter.

2. **Contractors must submit expenditure reports to WSDA.**
   - These reports must include incurred costs, by budget category for both themselves and their subcontractors, if any.
   - Source documents are required for equipment and capital improvements of $5,000 or more.
   - The contractor shall include with each expenditure report the EFAP detailed expanded general ledger indicating the EFAP costs charged each month by budget category in which they are charging costs.
     - For costs incurred by the contractor, the ledger must show each bill or cost paid within the report month, though not every item purchased within that billing should be listed.
     - For subcontractor’s expenses, the contractor shall include in the general ledger at least the aggregate amounts spent by all tribes by budget category.
     - WSDA staff may occasionally ask for backup documentation for charged expenditures.
   - Contractors providing monthly reports must submit reports to WSDA by the 20th of each month following the month the costs were incurred.
• Contractors providing quarterly reports must submit reports to WSDA by the 20th of the month following the end of each calendar quarter. Those dates are:
  o By October 20th, the first quarter reports, which includes the three reports for the July, August and September reports.
  o By January 20th, the second quarter reports, which includes October, November, and December.
  o By April 20th, the third quarter reports, which includes January, February, and March.
  o By July 20th, the fourth quarter reports, which includes April, May and June.
  o Those choosing to submit quarterly must keep monthly records of expenditures and client data and submit each month’s report individually for the quarter.
• WSDA may require that the last reports of the fiscal year, whether monthly or quarterly, be submitted earlier than July 20th.
• Subcontractors must submit monthly reports to their contractor summarizing their expenditures charged to EFAP each month by the date indicated by the contractor.
• Subcontractors must submit backup expenditure documentation for each cost to contractors with all expenditure reports.

3. Contractors must submit demographic information to WSDA.
• All contractors must submit reports to WSDA summarizing the client information. This includes the number of households and individual clients served each month by age group.
  o New (unduplicated), first visit/voucher of the year and;
  o Returning (duplicate), not a client’s first visit/voucher that year.
• Tribal contractors must submit monthly or quarterly demographic information, depending on the report schedule they have chosen
• Subcontractors must submit monthly or quarterly demographic information to their contractor summarizing the number of households and individual clients served each month, new and returning by age group.

4. EFAP closeout report required.
• The contractor must submit closeout reports after the close of each fiscal year as required by the WSDA, during the transfer of obligations to another contractor, or upon termination of the contract for any reason.
• The final closeout report shall accurately reflect the work completed, the funds expended by the contractor during the contract period, the demographics required by WSDA and the reporting of the required match.
• Typically this report is due 45 days after the end of the fiscal year.

5. The WSDA issues the forms required for submitting reports by contractors.
• WSDA will develop the forms on which contractors will report their expenditure and demographic information.
• Contractors may use the form they fill out for WSDA for their subcontractors or create their own subcontractor report form.
6. **Failure to submit expenditure and data reports.**

The WSDA may recapture unclaimed funds if contractor does not submit expenditure and data reports in a timely manner.

- For monthly billers, if the contractor fails to file an expenditure and data report within any two consecutive month period, the WSDA may elect to terminate the contract.
- For quarterly billers, if the contractor fails to file the three monthly expenditure and data reports for the quarter within 30 days of the end of the quarter, the WSDA may elect to terminate the contract.
- Contractor may recapture unclaimed funds or terminate the subcontract with subcontractor based on the same criteria.

7. **Required reports and schedule of submittals.**

Unless otherwise expressly required by a provision the contract, contractor shall adhere to the following schedule for reporting:

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<th>Due Date</th>
<th>EFAP REPORT</th>
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| 20th of the month following provision of services | Monthly reporting contractors  
  ▪ Monthly invoice / request for reimbursement  
  ▪ Demographics – new and returning clients by age group and pounds of food data. |
| The 20th of the month following the quarter for the provision of services: October 20, January 20, April 20 and July 20. | Quarterly reporting contractors  
  ▪ Quarterly invoice / request for reimbursement  
  ▪ Demographics – new and returning clients by age group and pounds of food data. |
| 45 days after the close of the fiscal year. | Tribal contractors and subcontractors  
  ▪ Emergency Food Assistance Closeout Report |
| Within 30 days of subcontract execution | Subcontract face sheets  
  ▪ Other reports and data as requested |
| Annually, nine months following end of contractor’s fiscal year | ▪ Single Audit Report, if applicable  
  ▪ Financial Audit, if applicable and if contractor is conducting an annual audit. |
| Every two years, nine months following the end of contractor’s fiscal year | ▪ Financial Audit or Accounting System Verification Form, if applicable |
| Within 30 days of contract execution and thereafter upon each renewal. | ▪ Insurance certificates |

Forms listed above are located on the [FA Forms and Publications](#) webpage.